

Name
Address
City, State, Zip Code

Date

Dear Business Owner:

We commend you for taking steps to help provide a secure retirement for yourself and for your employees. (Form W-2 records indicate that your employees are participating in a Salary Reduction Simplified Employee Pension (SARSEP). To help business owners understand and comply with retirement law, we have developed the enclosed SARSEP Checklist and informational brochures. We are sending this letter and its enclosures to businesses that have adopted SARSEPs in order to promote a better understanding of the requirements for these plans. If you do not have a SARSEP but do have either a SEP or SIMPLE IRA plan, please go to our website at www.irs.gov/ep and click on "Plan Information Packet" to get the appropriate information.

The enclosed SARSEP Checklist sets out questions on the basic requirements for a SARSEP. Please use the SARSEP Checklist to assure that you are following the terms of your plan. We realize that your business may use a professional for administering your SARSEP. If so, share this checklist with your professional. Do not send the checklist back to us.

After reviewing your SARSEP and the checklist, you may find an error in the operation of your plan. Don't worry, you will likely be able to correct the error using the Employee Plans Compliance Resolution System ("EPCRS") described in the Correction Programs brochure. EPCRS allows you to correct plan errors (often without even contacting the IRS) and thereby continue providing your employees with retirement benefits on a tax-favored basis.

If you have any questions regarding SARSEPs, please call Customer Account Services, toll free at 1-877-829-5500, Monday through Friday, between 8:00 a.m. and 6:30 p.m. Eastern Time, or visit our website at www.irs.gov/ep.

I hope that this information is useful to you. We have enclosed a postcard asking for feedback. We'll use your feedback to help us improve this program.

Sincerely,

Mark F. O'Donnell
Director, Customer Education
and Outreach

Enclosures:
SARSEP Checklist
Feedback Postcard
SARSEP—Common Problems and Solutions
Retirement Plan Correction Programs (Publication 4224)